

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 16162 140910Z
ACTION XMB-04

INFO OCT-01 EA-10 ISO-00 EB-08 COME-00 EUR-12 /035 W
-----007318 140932Z /16
P 140851Z SEP 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 1570

LIMITED OFFICIAL USE MANILA 16162

E.O. 11652: N/A
TAGS: EFIN, EAIR, BEXP, RP, US
SUBJECT: PHILIPPINE AIRLINE (PAL) - ENGINES FOR PAL 747
AIRCRAFT
REF: STATE 231905

1. SUMMARY. OUR LIMITED BUT KNOWLEDGEABLE CONTACTS INDICATE THAT THE FRONT RUNNER FOR THE ENGINES ON THE NEW 747'S FOR PHILIPPINE AIRLINES IS GENERAL ELECTRIC. ROLLS ROYCE'S OFFER OF LANDING RIGHTS AT LONDON DOES NOT APPEAR TO BE WORTH AS MUCH AS ATTRACTIVE FINANCING, ALTHOUGH PHILIPPINE AIRLINES DOES HAVE AMBITIONS TO FLY TO LONDON IN THE FUTURE. IN THE INTEREST OF PROTECTING BUSINESS CONFIDENTIALITY AND OUR SOURCE, ADDRESSEE IS ASKED NOT RPT NOT TO REVEAL THAT GENERAL ELECTRIC IS NOW AHEAD. END SUMMARY.

2. DONALD R. MORRISON, AREA DIRECTOR FOR INTERNATIONAL MARKETING, OF UNITED TECHNOLOGIES (PRATT & WHITNEY GROUP) CALLED ON EMBOFF SEPTEMBER 13 AND INFORMED US OF ROLLS ROYCE OFFER WITH LONDON LANDING RIGHTS. WE BELIEVE HE IS SOURCE OF UT REPORT TO EXIMBANK.

3. WE HAVE SINCE CONTACTED TWO INDEPENDENT SOURCES. ONE STATED ROLLS ROYCE CAME IN WITH A VERY ATTRACTIVE FINANCING PACKAGE BUT DID NOT MENTION LANDING RIGHTS. SECOND
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 16162 140910Z

SOURCE WHO IS EXTREMELY KNOWLEDGEABLE ABOUT PAL AFFAIRS REVEALED THAT ABOUT THREE WEEKS AGO DECISION ALMOST WENT TO PRATT AND WHITNEY (WHICH MORRISON ALSO SAID). HOWEVER, ALL THREE BALLS HAVE AGAIN BEEN THROWN UP INTO THE AIR, AND AS OF THIS DATE GENERAL ELECTRIC IS LEADING.

4. COMMENT. PAL IS ALREADY USING ROLLS ROYCE ON ITS

BAC-111'S, AND THE BRITISH HAVE PLAYED ON THE THEME OF COMPATIBILITY. PAL HAD BEEN UNHAPPY WITH ITS GE ENGINES ON THE DC-10'S, BUT GE HAS GIVEN PAL A GREAT DEAL OF HELP AND SEEMS TO HAVE CONVINCED PAL THAT THE TROUBLE WAS MAINTENANCE AND NOT ITS ENGINES PER SE.

5. AS FOR THE LONDON LANDING RIGHTS, PAL NOW FLIES WESTWARD TO BANGKOK, KARACHI, FRANKFURT AND AMSTERDAM. IT DOES HAVE AMBITIONS TO GO TO LONDON AND IN 1975 DID MAKE A BID WHICH FLOUNDERED ON OBJECTIONS BY BRITISH AIRWAYS. MAIN OBSTACLE, HOWEVER, WAS THAI DISINCLINATION TO GRANT BEYOND RIGHTS TO LONDON, AND WITHOUT THIS GUARANTEE LONDON WILL BE AN EXPENSIVE EXTENSION WITH LITTLE RETURN. BRITISH MAY NOW FEEL THAT THEY MAY NOT BE GIVING MUCH AWAY IN THESE CIRCUMSTANCES.

6. WE BELIEVE THAT SALE WOULD GO TO FIRM WHICH PURSUES MATTER AGGRESSIVELY AND OFFERS MOST ATTRACTIVE FINANCING PACKAGE. IN THIS CONNECTION, MITI MINISTER KOMOTO HAS OFFERED TO GOP LEASE-PURCHASE PACKAGE COVERING THE THREE 747'S WHICH PAL SIGNED WITH BOEING LAST MONTH. FINANCE MINISTER VIRATA IS INTERESTED IN THIS OFFER, AND IF IT MATERIALIZES, ENGINES WOULD COME FROM EITHER GE OR PRATT AND WHITNEY. END COMMENT. TOUSSAINT

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRCRAFT, AIRLINES, ENGINES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA16162
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: UPGRADED PER MEMO FROM CLAYTON E MCMANAWAY TO WILLIAM PRICE P820102-1084
Executive Order: R1 19840914 MCMANAWAY, CLAYTON E
Errors: N/A
Expiration:
Film Number: P820102-1089, D780373-0770
Format: TEL
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780967/aaaacczc.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4b152250-c288-dd11-92da-001cc4696bcc
Office: ACTION XMB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: UNCLASSIFIED
Original Previous Handling Restrictions: LOU
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LOU
Reference: 78 STATE 231905
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1434433
Secure: OPEN
Status: NATIVE
Subject: PHILIPPINE AIRLINE (PAL) - ENGINES FOR PAL 747 AIRCRAFT
TAGS: EFIN, EAIR, BEXP, RP, US, PAL
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4b152250-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014